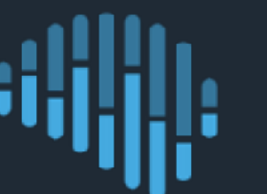




# The Psychology of Retail Design

Lunch-webinar



UNRAVEL



A story about an Award Winning store



Frozen Foods

Pharmacy

Health & Beauty Care

Baby Needs

Store Office

Flower Market

Meat Wine Beer Seafood

Dairy

Fruits and Vegetables  
Natural and Organics

Dairy,  
Cereals,  
Cookies &  
Crackers

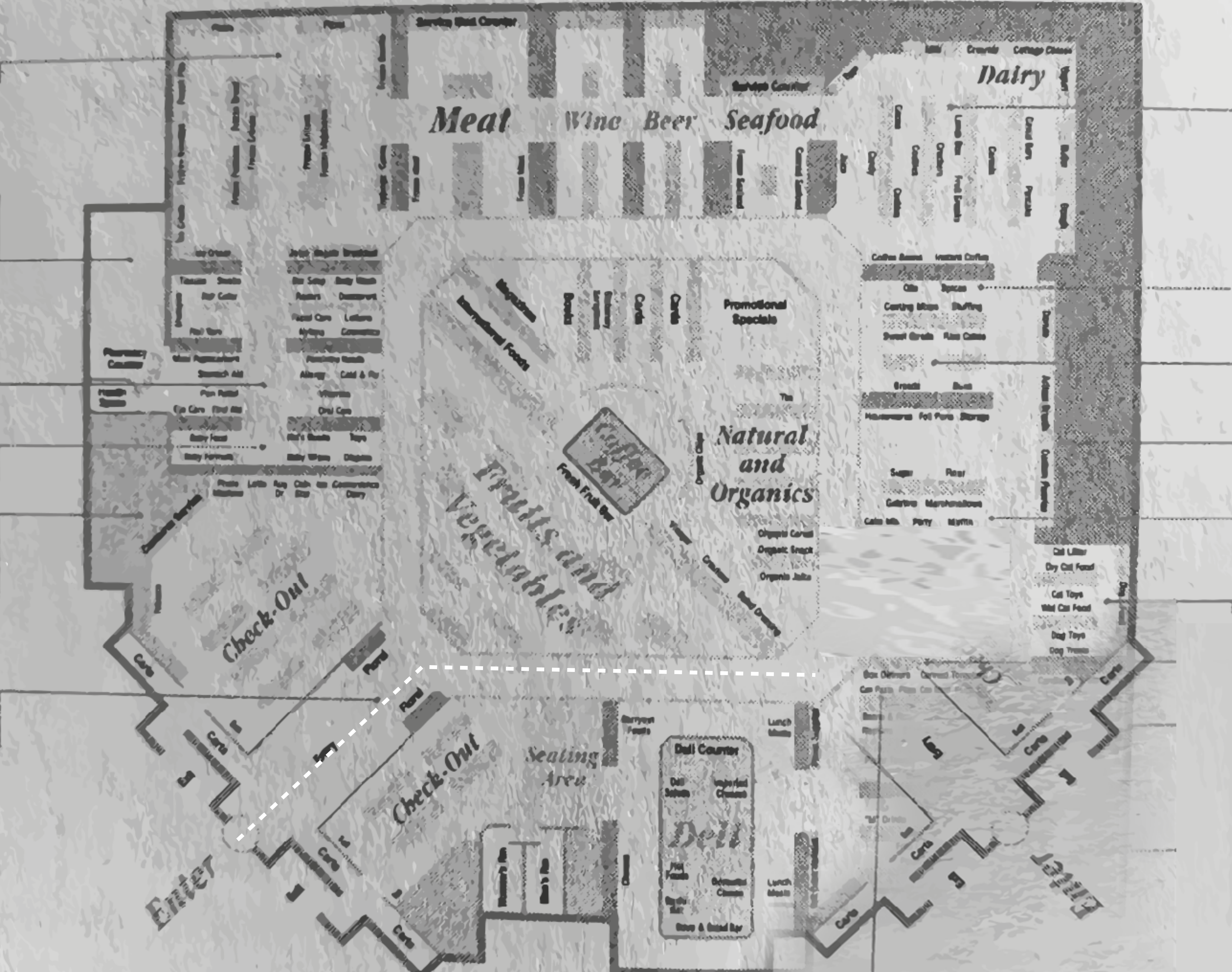
Fresh Bakery

Breads

Fresh Pastries

Baking Needs

Pet Products





*Frozen Foods*

*Pharmacy*

*Health & Beauty Care*

*Baby Needs*

*Store Office*

*Flower Market*

*Dairy,  
Cereals,  
Cookies &  
Crackers*

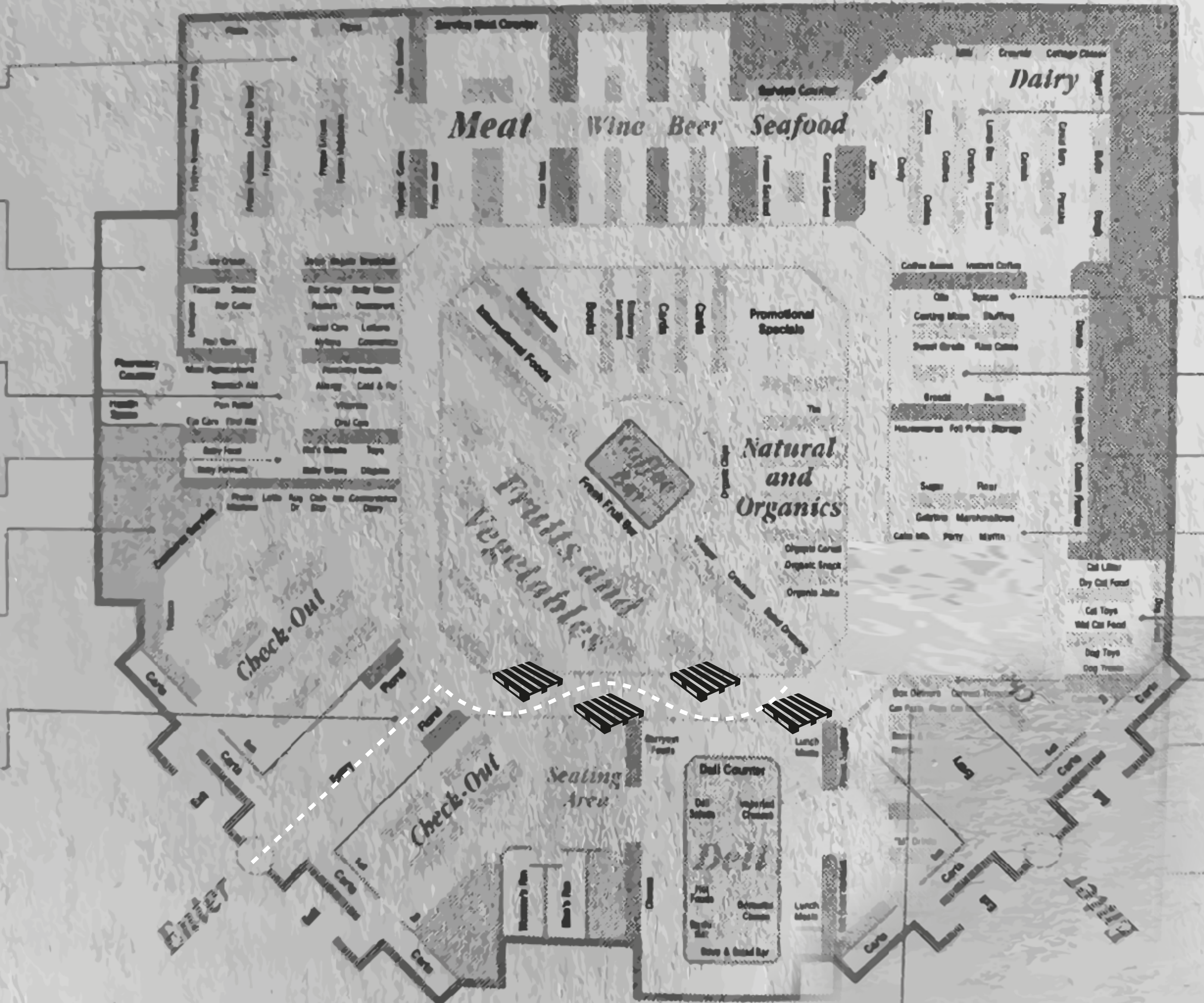
*Fresh Bakery*

*Breads*

*Fresh Pastries*

*Baking Needs*

*Pet Products*







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# Today's Topics



## Store

How to optimize store layout to the shopper's psychology



## Shelf

How to boost conversion through smart product placement



## Price

Shelf layout influences price perception



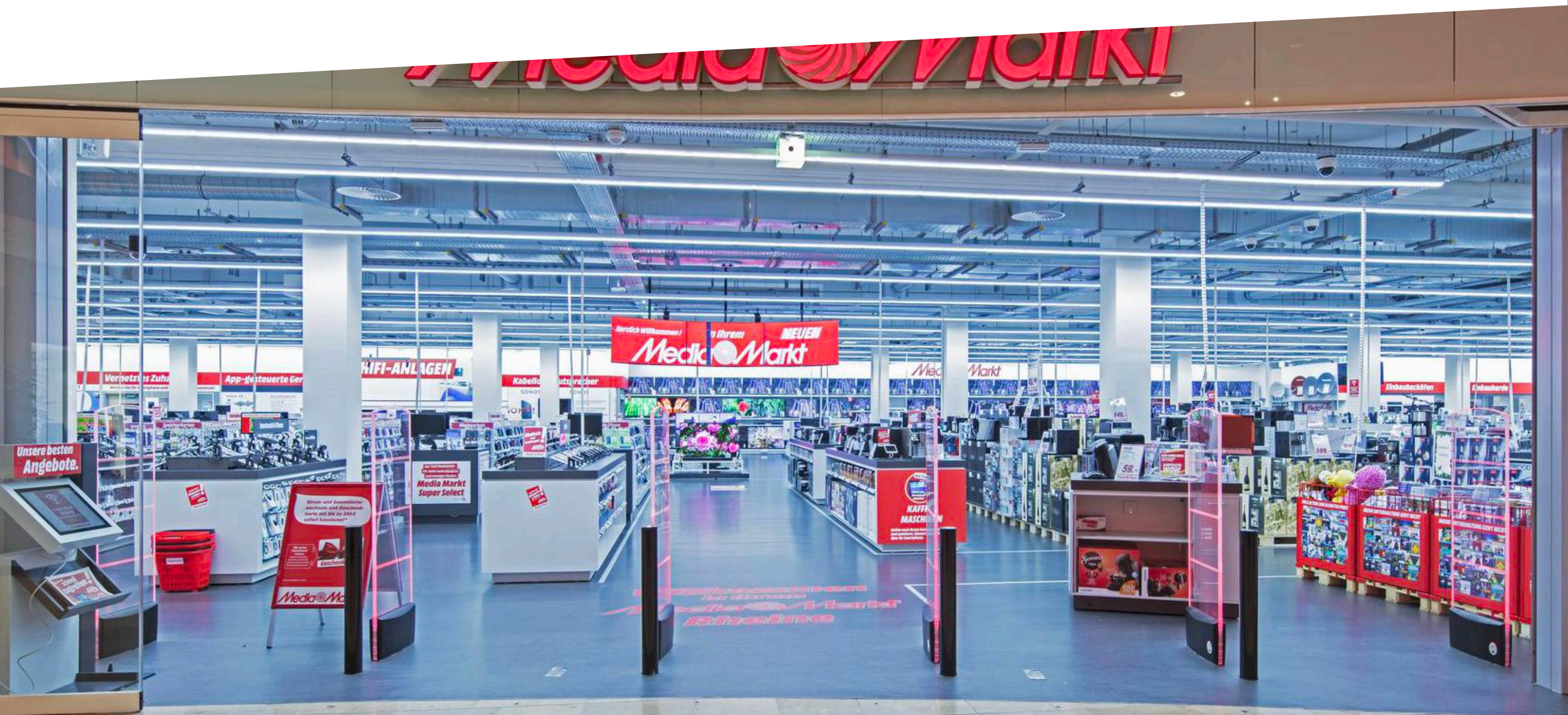
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# 5 Laws

Laws of shopper  
movements, search and  
attention

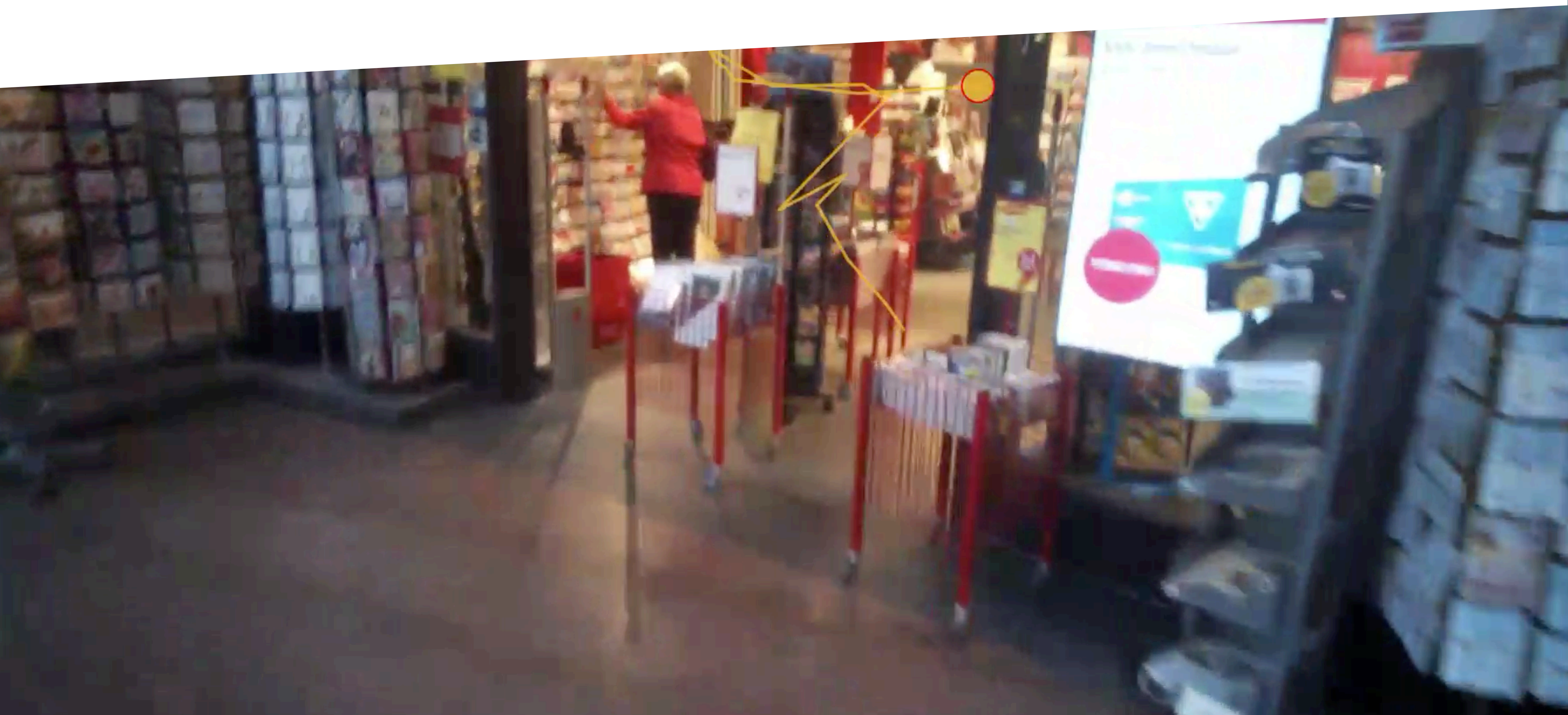


# 1. The Landing Zone



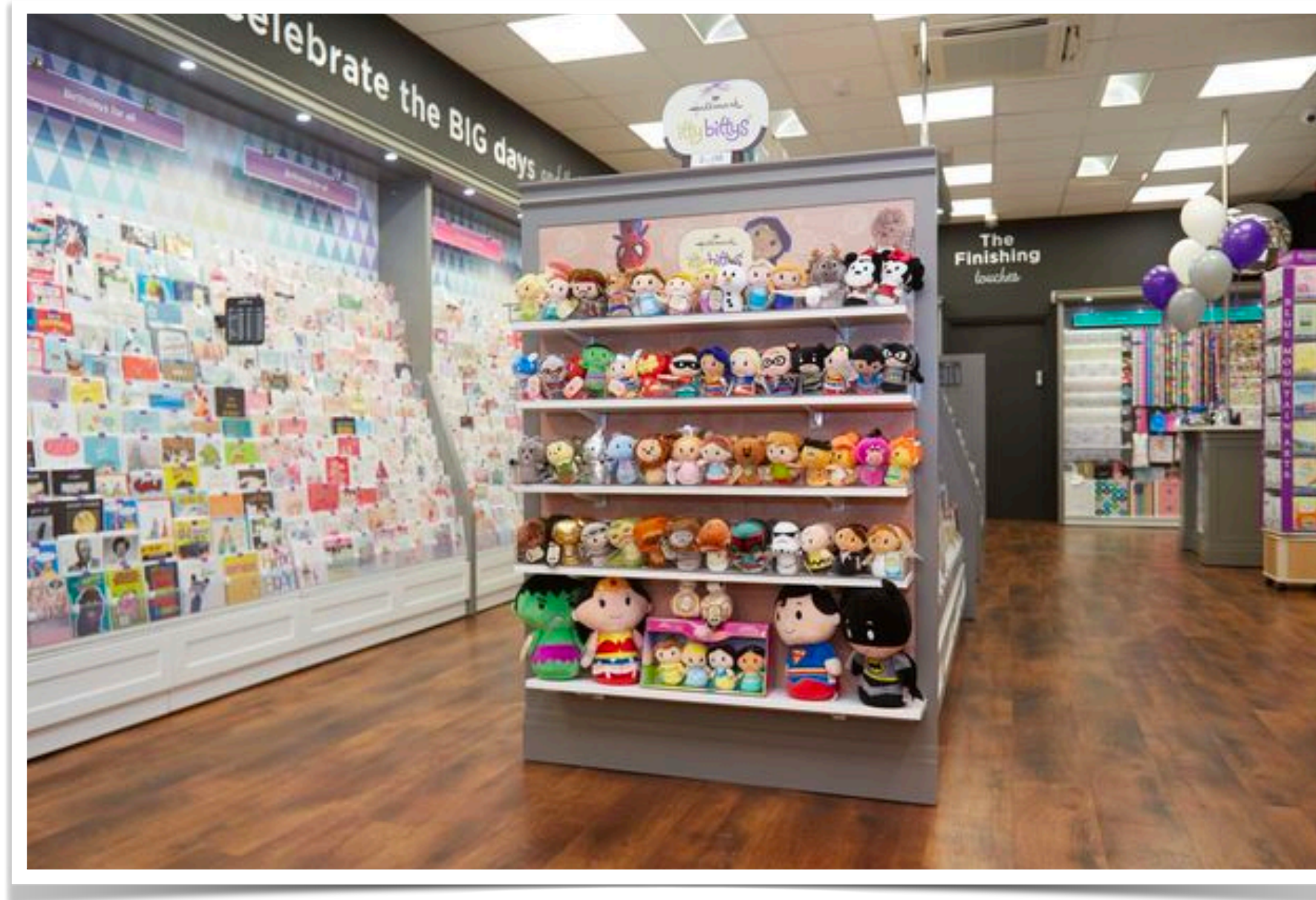


## 2. We go against the clock (except in the UK)





### 3. Store / People Ratio



Customer first



Store first



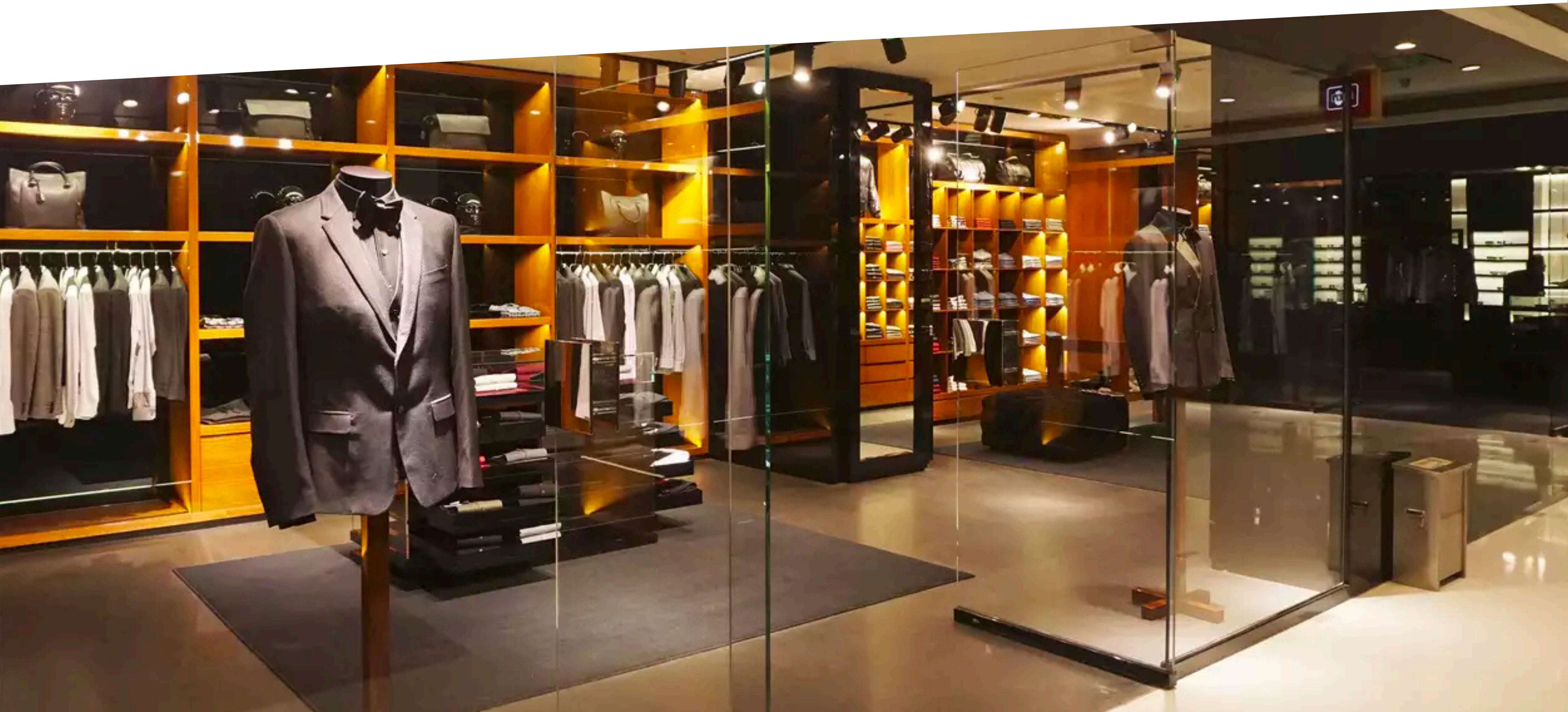
### 3. Store / People Ratio

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- 2 techniques to guide traffic:
  - Rule of thumb: when two persons stand at the same place in an aisle, a third person should be able to fit through
  - Cross aisles with mid-aisles at a 90 degree angle to make it feel more spacious



## 4. We follow the light





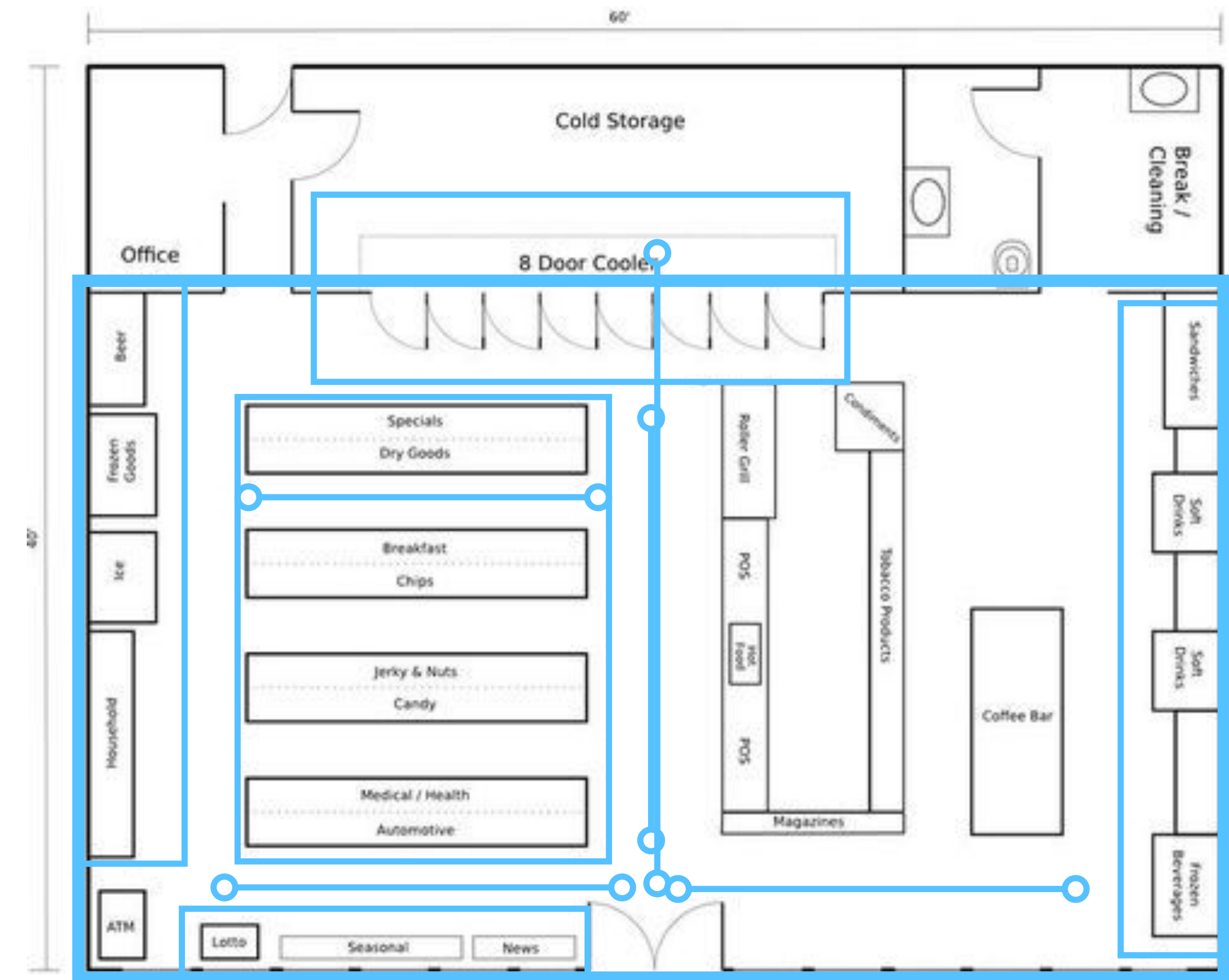
## 5. We like to maintain overview of the perimeter





## Sight Line Strategy

- Outer aisles visible upon entering
- Have primary and secondary aisles





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# 4 Steps

to effective category  
placement



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## Where to place a category

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- 1. Spread 'leader' categories



## Where to place a category

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- 2. Bring the most popular products in the main aisles
  - A category such as soft drinks will convert 31% in the main aisle, but only 13-17% in a secondary aisle (Sorensen, 2016)

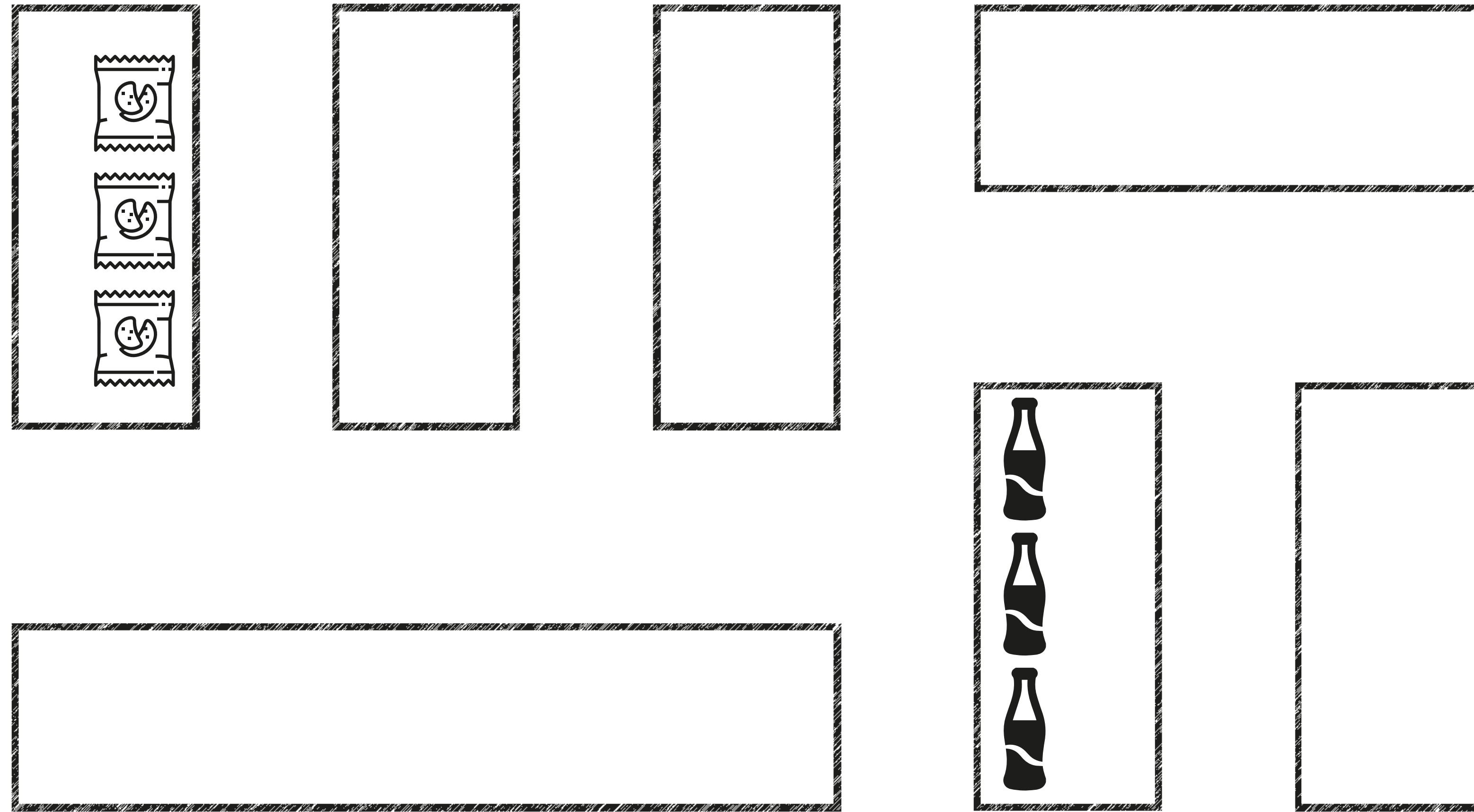


## Where to place a category

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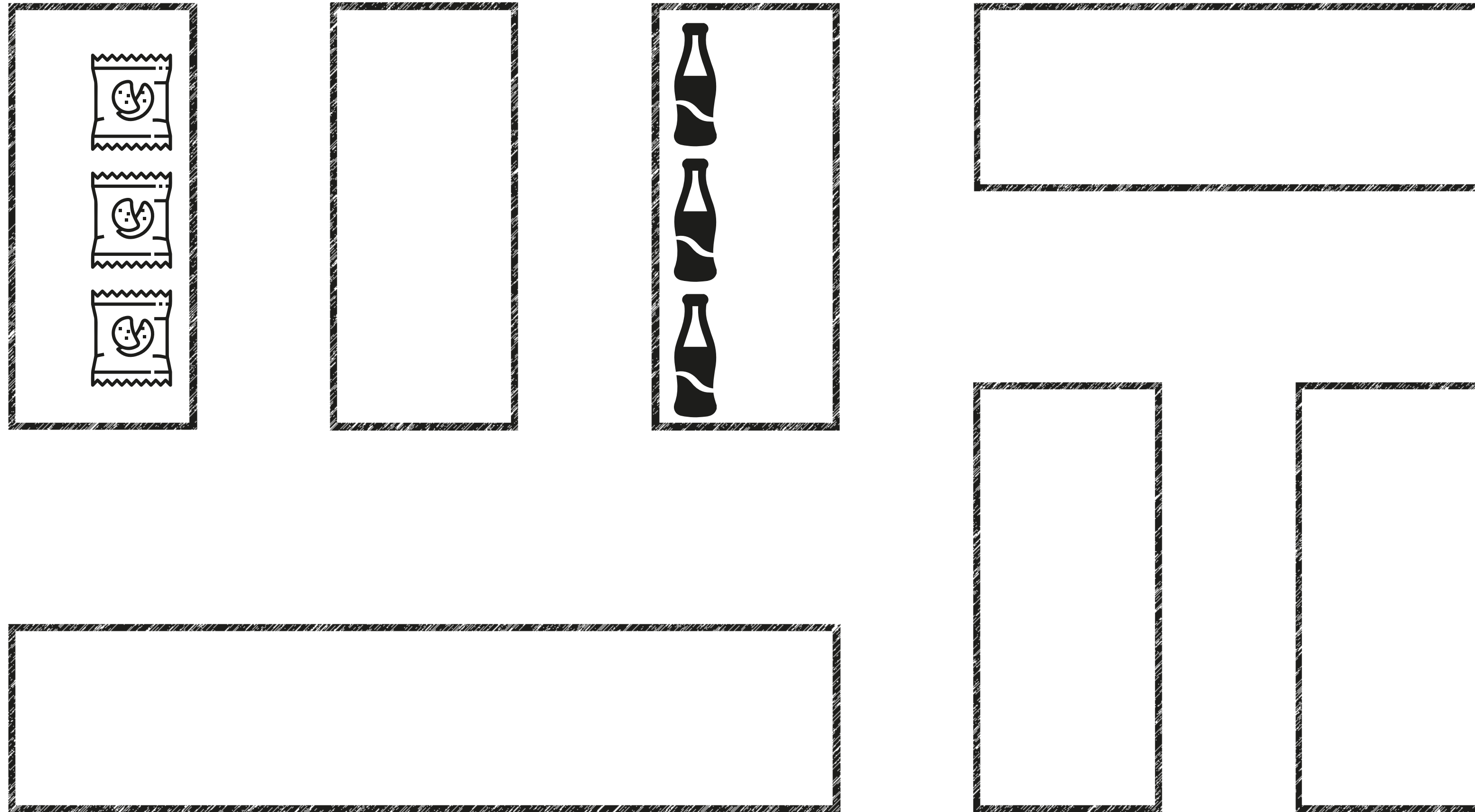
- 3. Sell synergistically: bring categories together that sell well together





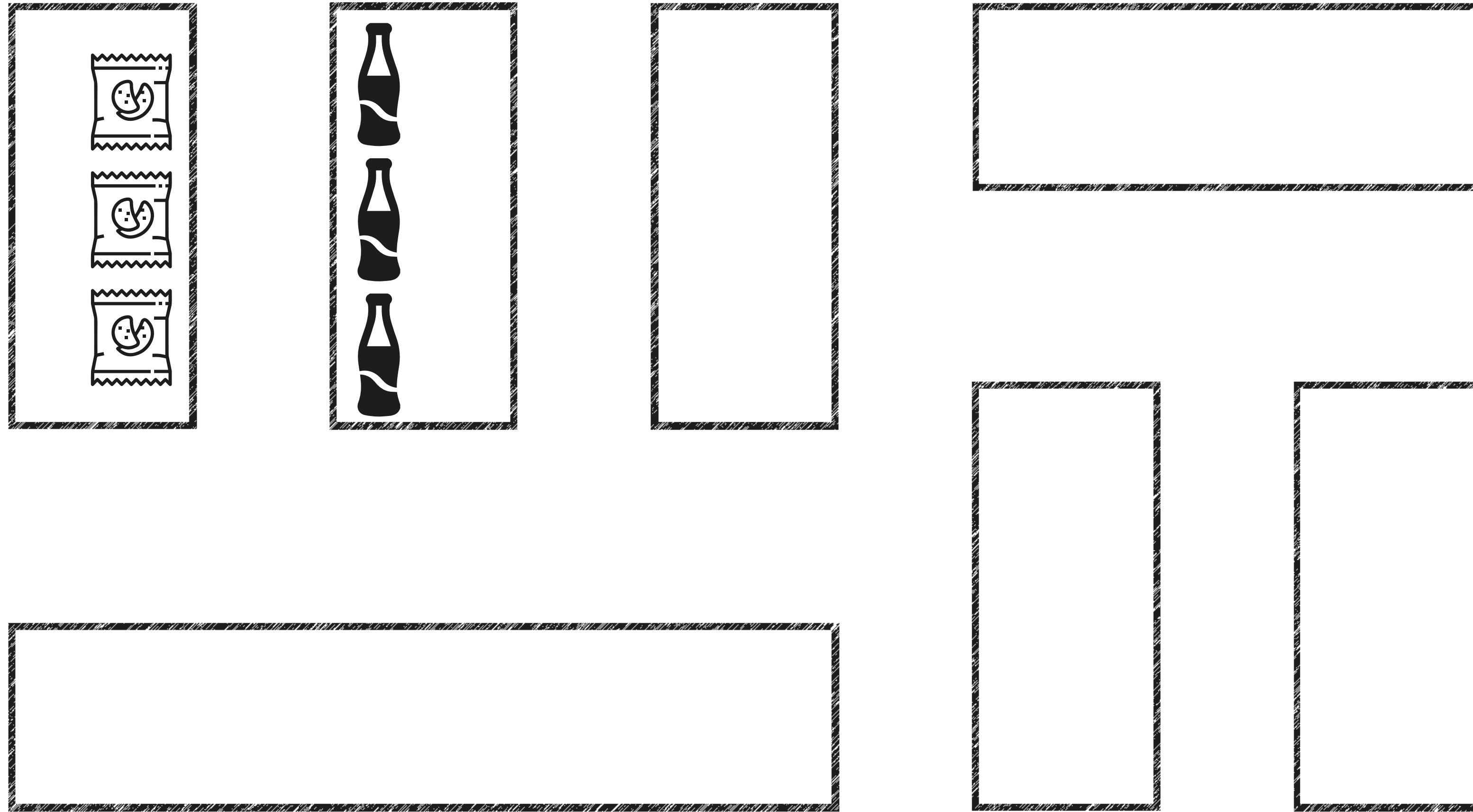
Bezawada, R., Balachander, S., Kannan, P. K., & Shankar, V. (2009). Cross-category effects of aisle and display placements: a spatial modeling approach and insights. *Journal of Marketing*, 73(3), 99-117.





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## Where to place a category

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- 3. Sell synergistically: bring categories together that sell well together
  - Increases both combined AND stand-alone sales
  - Sales of popular products are more 'stretchy'
  - Place popular products at multiple locations
  - Active retailing increases sales  $\pm 10\%$  (Sorensen, 2009)



## Where to place a category

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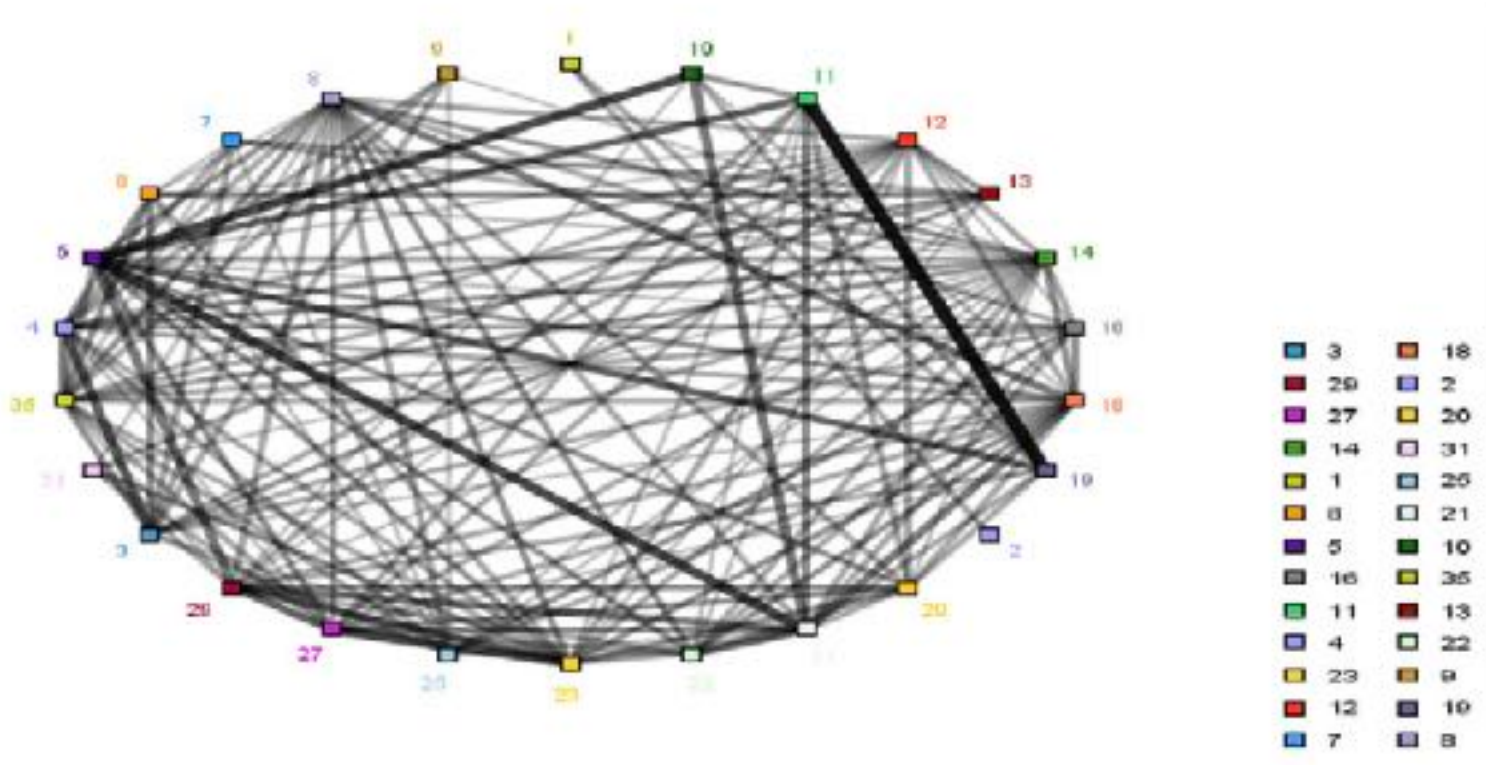
- 4. How to determine which categories go together?
  - Common sense goes a long way
  - Then analyze sales data for category covariance (Cil, 2012)



# Step 1. Receipt data

8690521017575	CLEAR SAMPUAN 750 GR YAGLI SAÇLAR	3426
8690521017650	OMO TOZ 1500 GR EKO	3022
8690521018350	ELIDOR SAC KREMI 300 GR SERAMIDLİ	3434
8690521018442	CIF LUK 435 GR.	3061
8690521018466	CIF LUK 900 GR.	3061
8690521018480	CIF LUK SIVI 1900 GR.	3061
8690521018527	CIF LUK 900 GR FERAH	3061
8690521018541	CIF LUK SIVI ECO 450 GR	3061
8690521018596	DOMESTOS TOZ 950 GR.	3050
8690521018718	ELIDOR SAMPUAN 400 GR INCE TELLI SAÇLAR	3425
8690521018732	ELIDOR SAC KREMI 300 GR INCE TELLI SAÇLAR	3434
8690521018916	CIF OKSI-JEL 1000 GR. FLORAL	3071
8690521019036	CIF LUK 5 KG. BULASIK SIVISI	3061
8690521019193	DOMESTOS 810 GR*2 % 20 İND.	3056
8690521019883	RINSMATİK 15 KG GELİN ÇİÇEĞİ	3012

# Step 2. Calculate category lift ratio

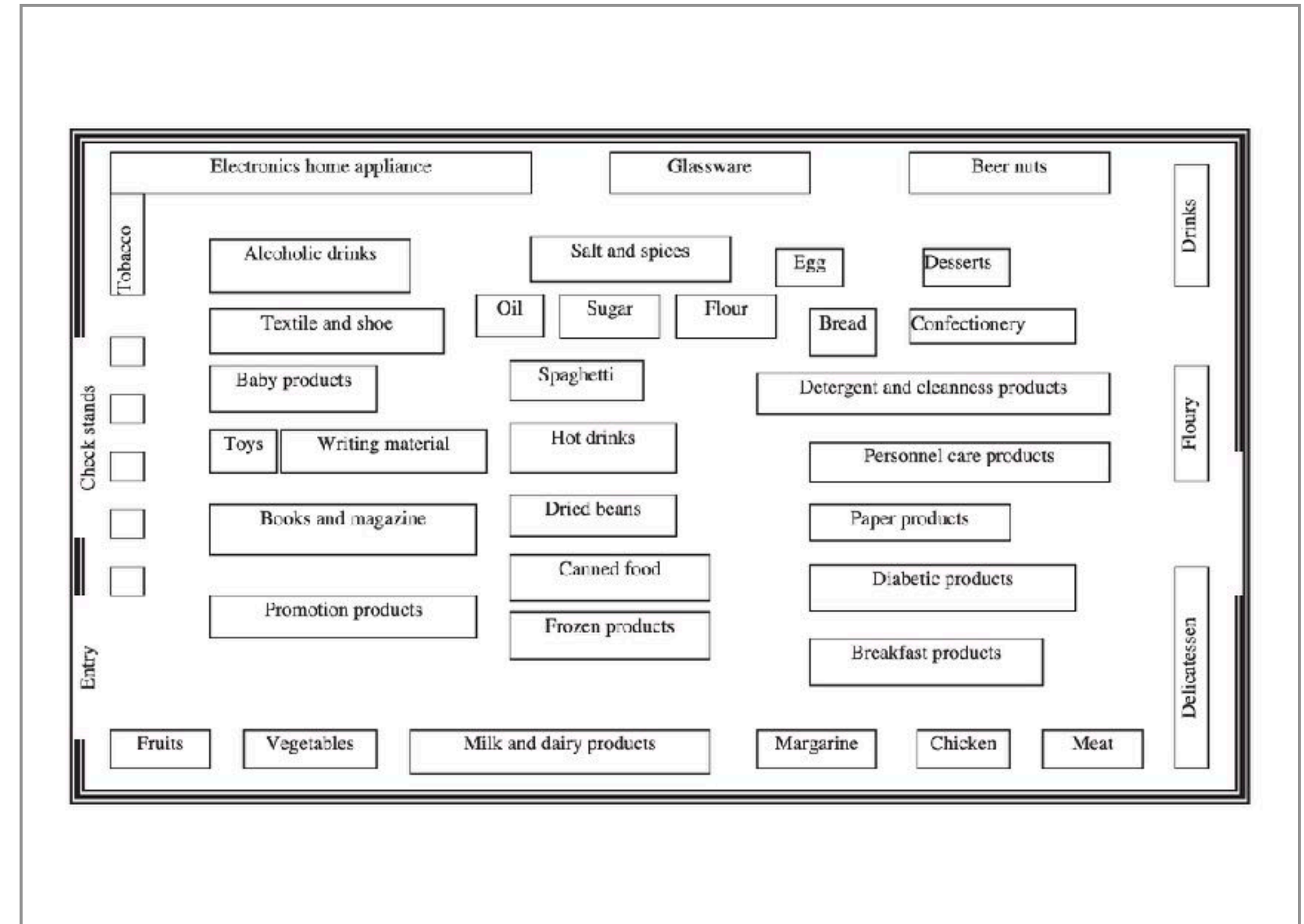
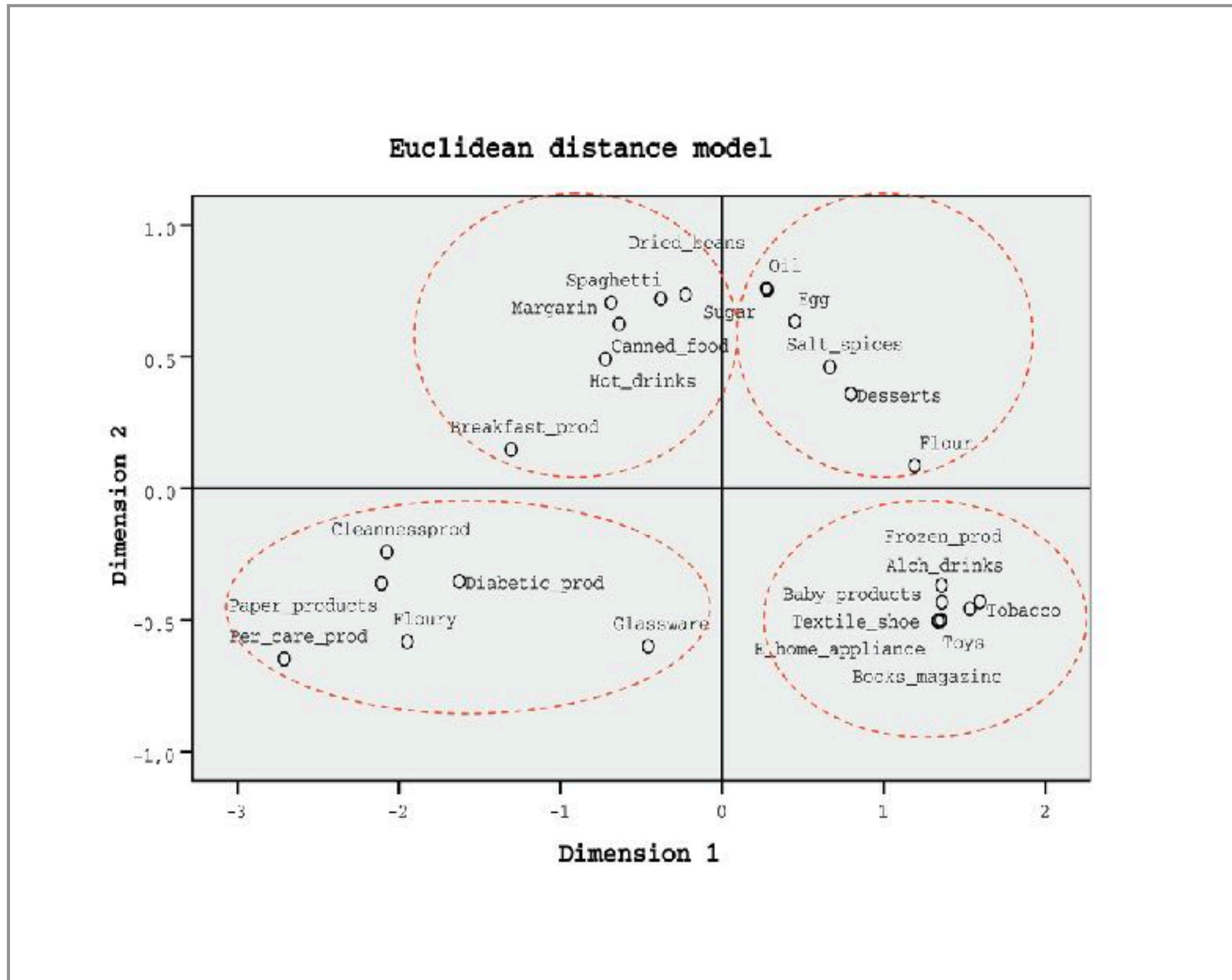


**Table 1**  
Example of rules for some products with their confidence, support and lift.

Left-hand side antecedent	Right-hand side consequent	Confidence (%)	Support (%)	Lift Ratio
Egg (25)	Milk and dairy products(5)	77	5.58	2.36
Desserts(9)	Beer nuts(19)	69	5.00	1.41
Breakfast products(8)	Beer nuts(19)	61	8.00	1.26
Chicken(16)	Vegetables(21)	56	5.20	2.81



# Step 3. Apply learnings to store layout layout







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## Price

Shelf layout influences price perception



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# 4 Techniques

To increase category  
conversion



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## 1. Slice your assortment – the smart way

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- Broniarczyk, Hoyer, and McAlister (1998) discarded the 50% worst selling SKU's in 6 categories
- Customers did not take conscious notice, but their shopping satisfaction increased and total sales went up (Boatwright and Nunes, 2001)
- People don't notice changes when their favorite products and *total category space* remains the same (Broniarczyk et al., 1998)



## 2. Split up facings unevenly

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- Asymmetric assortments (25% OLED 75% LED TV) makes it easier and more attractive to arrive at a decision than a 50/50 split of attributes (Lurie, 2004)
- 'Space to movement' split leads to an average 3.9% additional category sales (Drèze et al., 1994)



### 3. Mark sub-selection

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Make large assortments easier to process by appealing to choice heuristics

Sales of the entire category increased (Ebster & Garaus, 2011)

Is this a 'waste of space'?



## 4. Color contrasts

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- Shelves with color contrasts get more attention and signal a better assortment (Kahn, 2013)







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# Today's Topics



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---

# 5 Techniques

To influence  
price perception



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How can we optimize the context to maximize product value?



# 1. Price highly similar products differently

- Minor price differences between chewing gum options increased purchase rate from 46% to 77%



✗ Hard to choose



✓ Easy to choose





**0.52**  
330 ml

Pepsi Cola max cherry



**0.59**  
330 ml

Pepsi Max ginger





## 2. Anchoring & Contrast

- Increase reference price with an expensive product
- Anchoring works best with a specific (not rounded) price



✗ No anchor



✓ Anchor



# - WINE LIST -

2812 St. Helena Hwy. St. Helena CA 94574

## - RED -

Charbono, Shypoke,  
Calistoga  
2015 / \$50

Cabernet Sauvignon,  
Hurt & Harvest  
2014 / \$65

Tradition Red Wine,  
Napa Valley  
2012 / \$70

Night Reserve Merlot,  
Spring Mountain  
2010 / \$85

Brian Arden Cab Franc,  
Napa Valley  
2010 / \$90

## - WHITE -

Ard Six Seated Cloud  
Sauvignon Blanc  
2014 / \$40

Pine Ridge Chenin  
Blanc / Vignier  
2014 / \$50

Pride Chardonnay,  
Napa Valley  
2013 / \$55

Groth Hillview  
Chardonnay  
2010 / \$65

Night Chardonnay,  
Carneros  
2010 / \$70

Switching low>high into high>low increased wine revenue by 4.2% (Suk et al., 2012)

Experts are not swayed by anchoring



### 3. Order your prices from high to low

➤ More customers will prefer the more expensive options

	€ 0.67
	€ 0.68
	€ 0.69

✗ Preference for cheap

	€ 0.69
	€ 0.68
	€ 0.67

✓ Preference for expensive



## 4. Assimilation

- Set a new normal price standard by adding more products within this price range



Many expensive options: assimilation



Few expensive options: contrast



## 5. Decoy

- Add an option that's high in price but low in added value



✗ No decoy



✓ Decoy increases preference for expensive option





melkunie  
**PROTEIN**  
CHOCOLATE FLAVOURED  
MILK DRINK  
WITH ACID SPORT  
**25g**  
of protein per 100 ml

melkunie  
**PROTEIN**  
RASPBERRY & VANILLA  
MILK DRINK  
**20g**  
PROTEIN PER BOTTLE

melkunie  
**PROTEIN**  
RASPBERRY & VANILLA  
MILK DRINK  
**20g**  
PROTEIN PER BOTTLE

melkunie  
**PROTEIN**  
COFFEE  
CHOCOLATE MOCHA  
FLAVOURED  
**20g**  
PROTEIN PER BOTTLE  
NO ARTIFICIAL SWEETENERS  
DOUBLE ESPRESSO SHOT

melkunie  
**PROTEIN**  
CHOCOLATE MOCHA  
FLAVOURED  
**20g**  
PROTEIN PER BOTTLE

Protein rood fruit  
500 GR  
5.20 PER KG  
**2.60**

Mu prot choc moch  
330 ML  
7.58 PER LT  
**2.50**

TOEGEVOEGD  
**HIPO**  
FUELS YOUR GOALS.  
FULL OF PROTEIN.  
FULL OF TASTE.

**25g**

0% VET 0% SUIKER TOEGEVOEGD

**ONE**

0% VET 0% SUIKER TOEGEVOEGD  
**ONE**

0% VET 0% SUIKER TOEGEVOEGD  
**ONE**



# Take-Aways: Psychology & Store Design

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- ✓ **Are your categories effectively located?** Sell synergistically by combining categories that pull each other up
- ✓ **Does your shelf layout maximize conversion?** Shelves sell more when they apply the brain laws of how people process information
- ✓ **Sway price perception.** Smart product and price arrangements help you to maximize value perception